

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

July 12, 2006

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 12, 2006 beginning at 9:40 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

George B. Beardsley, President
Denise S. Maes, First Vice President¹
Penfield Tate, Vice President
Harris Sherman, Vice President

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager
M. L. Walker, *Acting* General Counsel
D. B. LaFrance, Director of Finance
E. E. Pokorney, Director of Planning
M. L. Bassett, Director of Public Affairs
B. Good, Director of Operations and Maintenance
J. H. Bambei, Jr., *Acting* Director of Engineering
C. R. Dermody, Director of Information Technology
C. Elam-Floyd, Manager of Human Resources
G. T. Malmberg, Sales Administrator
K. Kempke, Manager of Treasury Operations
G. C. Fisher, Chief Planner
R. Maestas, IT Senior Database Manager
H. C. Teigen, Chief of Distribution and Property Management
L. R. Dirks, Water Resource Engineer
W. G. Bates, Water Resource Engineer
S. Price, Engineer
K. K. Riegle, Attorney
L. Billeter, Staff Analyst

¹ Due to an unavoidable conflict, Ms. Maes was detained and arrived during the Board's consideration of Agenda Item V-D-5

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B. Balley, Engineer
T. L. McGuire-Collier, Manager of Media Relations
J. E. Crockett, Manager of Risk & Benefit
V. Haseman, Occupational Health Nurse
J. E. Hagan, Purchasing Agent
Pablo Cornejo-Warner, Engineering Intern
K. O. Balu, Human Resource Specialist
J. Wright, Manager of Rate Administration
M. D. Waage, Water Resource Engineer
Eric Gopsill, Garney Construction
Scott Terry, Garney Construction
David Williams, University of Denver
Dave Reynolds, RN Civil Construction
Taryn Hutchins-Cabibi, Western Resources
Brenda O'Brien, Greenco

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Gougeon was found to be absent for substantial cause and was excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of June 21, 2006 was dispensed with and such Minutes were approved.

Upon motions regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of June 21, 2006 and June 28, 2006 were approved.

Commissioner Beardsley issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no response.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

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1. **ITEM V-D-1: APPROVAL TO EXTEND THE STANDSTILL AGREEMENT WITH THE RIVER DISTRICT AND SUMMIT COUNTY**

Approved execution of the Fifth Amendment to the November 1, 2000 Settlement Agreement between the Board, the Colorado River Water Conservation District and the Board of Commissioners of the County of Summit, extending the "interim period" as defined in the Agreement to April 30, 2007, all as more particularly described in the Fifth Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "A".

2. **ITEM V-D-2: ADDITION OF FUNDS FOR BITUMINOUS COLD PATCHING**

Authorized additional funds in the amount of \$200,000 to the November 10, 2004 contract with Colorado Asphalt Services, Inc. to furnish Denver Water's requirements of bituminous cold patching for the period ending December 31, 2006, for a total contract amount not to exceed \$1,082,000.

3. **ITEM V-D-3: ADDITION OF FUNDS FOR FIRE HYDRANTS**

Authorized additional funds in the amount of \$90,000 to the December 17, 2003 contract with American Flow Control, as amended, to furnish Denver Water's requirements of dry-barrel fire hydrants through January 31, 2007, for a total contract amount not to exceed \$580,885.

4. **ITEM V-D-4: ADDITION OF FUNDS FOR AGGREGATE BASE COURSE**

Authorized additional funds in the amount of \$20,000 to the November 10, 2004 contract with Oxford Recycling, Inc., as amended, to furnish Denver Water's requirements of aggregate base course through January 31, 2007, for a total contract amount not to exceed \$120,000.

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5. **ITEM V-D-5: AWARD OF CONTRACT FOR FOOTHILLS
TREATMENT PLANT WASTE STREAM IMPROVEMENTS**

Rejected the bid of RN Civil Construction for failure to comply with the contract documents by not completing the statement of intent to use small or disadvantaged business enterprises, and authorized the award of a contract to Jennison Construction Company to furnish and install described waste stream improvements at the Foothills Treatment Plant at a cost to the Board not to exceed \$613,069.

Mr. Bambei explained the bid of RN Civil was considered informal because of the noncompliance with the contract documents. Mr. Bambei explained the statement of intent needs to be filled in and signed at the time of the bid opening. Denver Water permits clarification of SDBE participation until 5:00 p.m. the day of the bid opening.

Commissioner Beardsley recognized Dave Reynolds of RN Civil who explained the completed form was submitted by 5:00 p.m., although the form submitted at the time the bid was opened was not completed.

Ms. Billeter explained the SDBE process and responded the entity listed on the documents provided by RN Civil later in the day was not a certified supplier as defined or certified by the City and County of Denver.

6. **ITEM V-D-6: ASSIGNMENT OF CONTRACT FROM BROMLEY
MINERAL HOLDINGS – LUPTON LAKES PROPERTY**

Authorized the Manager to enter into the necessary agreements and authorize payments as required for the acquisition of a property from Bromley Mineral Holdings to be used for the downstream reservoir project known as the Lupton Lakes Property, which is situated in the town of Fort Lupton, Colorado.

Mr. Walker explained the need for additional reservoir storage to recapture and regulate reusable return flows from importations of West Slope water. The

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South Adams County Water and Sanitation District (South Adams), Farmers Reservoir and Irrigation Company (FRICO) and the City of Thornton are negotiating with Bromley Mineral Holdings, LLC to purchase the Lupton Lakes property. The Board would be responsible for the purchase of 4000 acre-feet of storage with South Adams, FRICO, and Thornton acquiring 3400 and 4000 acre-feet respectively. Under the terms of a contract that Bromley Mineral Holdings has negotiated with the land owner, a supplemental deposit in the amount of \$2,075,000 is to be made by July 27, 2006; \$666,241, of which would be paid by Denver Water. Denver Water's share of the total purchase price of the property would be \$9,472,000, with a closing to occur on September 28, 2006. The property would be sold to the Board in an unlined condition and the purchase price does not include the cost of any infrastructure or the cost of lining. In response to questions from the Commissioners, Mr. Walker explained the expected cost to Denver Water of completion of the project, including necessary infrastructure would be comparable to the projected cost of completion of the on-going joint project with South Adams.

7. **ITEM V-D-7: PARTIAL GUARANTEED MAXIMUM PRICE
AMENDMENT NO. 3 FOR THE CONSTRUCTION OF CAPITOL HILL
RECYCLED WATER STORAGE TANK WITH GARNEY CONSTRUCTION**

Authorized partial guaranteed maximum price Amendment No. 3 in the amount of \$972,857.00 pursuant to the contract with Garney Construction for construction of the Capitol Hill recycled water storage tank. The Amendment includes completion of demolition services, purchase of large diameter pipe and valves, installation of bypass pipeline and yard piping, electrical work and other tasks as more specifically described in Amendment No. 3.

Mr. Price provided an update of the construction activities and a copy of his presentation is attached to and incorporated in these Minutes as Exhibit "B". In response to questions from the Commissioners regarding the project costs, Mr. Price explained the original budget of the project was \$7.6 million, and that additional costs in the range of \$1-1.5 million are expected, making the new estimated project cost of approximately \$9.1 million. The increased costs are related to material increases and the cost of including a potable water backup

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system. Following the discussions, Mr. Price provided a short video showing the concrete placement that took place on Friday, July 7, 2006.

8. **ITEM V-D-8: RATIFICATION OF CONSTRUCTION CONTRACT
CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified the following change orders to construction contracts authorized in April 2006 by the Manager:

- 1) Second Amendment to the May 7, 2003 Agreement with the Davey Tree Expert Company, also known as Wilhelm-Tree and Lawn Care for tree and shrub maintenance and removal;
- 2) Third Amendment to the December 10, 2003 agreement with Mountain Graphics for printing of the publication titled, "Water News";
- 3) First Amendment to the December 5, 2005 agreement with Paragon Land Consultants, Inc., for survey support for various projects at Denver International Airport;
- 4) First Amendment to the May 2, 2006 contract with Witter Technologies, Inc. to define underground facilities at the intersection of Fenton Street and West 29th Avenue; and
- 5) First Amendment to the April 12, 2006 contract with DeZurik Water Controls to provide butterfly valves and actuators,

all as more particularly described in Agenda Item V-D-8, dated July 12, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "C".

9. **ITEM V-D-9: RATIFICATION OF THE PURCHASE OF WATER
METERS AND ERTs**

Ratified expenditures involving the purchase of 3/4 inch water meters and ERTs

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for warehouse stock from National Meter and Automation, Inc., at a cost to the Board not to exceed \$300,000.

Commissioner Beardsley inquired of the timeliness of the purchase of additional meters and ERTs for warehouse stock when it may be that the Board should consider replacing the system with newer technology, especially because battery replacement costs would increase the cost of maintenance of the current system. Commissioner Beardsley also suggested a fixed station receiver system might be more economic. Ms. Bassett explained the failure rate of Denver Water's meters/ERT system is less than 1/2 of 1%, and opined it would not be economic to replace the remote system at this time. The meters that are being replaced are from several separate manufacturers. Additionally, Denver Water's meter reading personnel have been reduced from 38 to 9 making it infeasible to modify the system at this time. Ms. Bassett explained fixed station receivers were available when Denver Water began the remote meter reading program, but the Board chose the remote reading system at one-half the cost. Staff opined that at some point, Denver Water may be spending as much to maintain the system as it would cost to replace the system and the decision of whether to replace the system should be made at that time.

10. **ITEM V-D-10: CONTRACT WITH MOBILE DATA SOLUTIONS, INC. (MDSI) FOR FIRST PHASE OF MOBILE WORKFORCE AUTOMATION (MWFA)**

Approved a contract with Mobile Data Solutions, Inc. (MDSI) for an amount not to exceed \$601,750 to partner with Denver Water's MWFA project team to complete design of a system to address the needs of the Denver Water field employees for mobile response by March 2007. Depending upon project feasibility the second phase, which would include design, software and hardware, would be configured for presentation to the Board. The recommendation of the next phase is expected to be made in May, 2007. The total cost of the system is currently estimated at \$1.6 million.

Ricardo Maestas outlined the uses to be made of the project. Brian Good explained the current flow of information in scheduling field crews and

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responding to emergencies.

11. **ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated July 12, 2006, a copy of which is attached to and incorporated in these minutes as Exhibit "D", effective the pay period ending **June 30, 2006** unless otherwise noted.

12. **ITEM V-E-1: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board with all rights and privileges thereof, effective July 1, 2006, unless otherwise noted.

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^</small>	Division/Section
Michele Frishman	01/03/2006	01/03/2006	Legal #050
Douglas Sandrock	01/03/2006	01/03/2006	Safety & Loss Control #423
Carlene Coff	10/03/2005	10/03/2005	Moffat #640
David Saindon	01/03/2006	01/03/2006	Water System Operations #760

13. **ITEM VI-B-1: DISCUSSION AND INFORMATION: WATER BUDGETS**

Mr. LaFrance provided copies of his presentation regarding water budgets to the Commissioners and the public and a copy is attached to and incorporated in these Minutes as Exhibit "E". Mr. LaFrance explained the increasing block residential rate system which is used by Denver Water. He then described a water budget system created to address individual needs. After describing both systems, Mr. LaFrance addressed questions regarding fairness and equity. Although water budgets set the consumption block based on individual customer's indoor and outdoor needs, adjusted for seasonal variations,

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customers with different budgets and consumption are likely to pay different amounts for the same volume of water. Mr. LaFrance noted the fundamental question, when selecting between traditional block rates and water budgets, is whether the price of water service should be based on usage regardless of individual needs, or individual needs regardless of usage. In response to questions from the Commissioners, Mr. LaFrance explained that the City of Boulder has a form of water budget system in place, but that it is heavily dependent upon averaging. In order to implement a water budget system, Denver Water would need a new CIS system which could take as long as 36 months to complete.

14. **ITEM VI-C-1: DISCUSSION AND INFORMATION: DROUGHT CONSERVATION – USAGE REPORT**

Mr. Pokorney reported the recent precipitation along the Front Range had resulted in Denver Water's reservoirs refilling and, with the exception of Antero Reservoir, Denver Water's reservoirs are full. Because of favorable runoff in Denver Water's collection facilities, Denver Water has been able to enter into short term lease agreements to deliver nonpotable water to entities including the cities of Aurora and Thornton, and the Centennial Water and Sanitation District.

15. **ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of June 30, 2006" as set forth in Agenda Item VI-F-1 dated July 12, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "F".

16. **ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK**

The Board was furnished with the Status of Contract Work dated July 12, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "G".

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17. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2005 Budget Status Summary for the period ending June 30, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "H".

18. **ITEM VI-F-4: DISCUSSION AND INFORMATION: NEW CONTRACT SUMMARY**

The Commissioners received the New Contract Summary for contracts between \$10,000 and \$100,000 for the Second Quarter of 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "I".

19. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed it would meet to discuss the IRP on **Thursday, July 27, 2006**, between **10:00 a.m. and Noon** at the offices of the Gates Family Foundation, located at 3575 Cherry Creek Drive North, Denver, Colorado. IRP discussion will be preceded by an **Executive Session** between **8:00 and 10:00 a.m.** at the same location. The **Executive session** will continue discussion of the proposal of several West Slope entities.

The Board confirmed the next regular meeting would take place on **Wednesday, August 9, 2006**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 11:25 a.m.

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EXECUTIVE SESSION

On Wednesday, July 12, 2006, commencing approximately at 11:30 in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Property Report § 24-6-402(4)(a)
2. Litigation § 24-6-402(4)(b)
3. Finance Committees § 24-6-402(4)(f)(I)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:35 p.m.

President

Secretary